

HIGHWAY AND BRIDGE TRANSPORTATION FUNDING

Introduction:

The previous 2007 – 2016 Ten Year Plan was significantly over subscribed with more project needs than anticipated funding. Dramatic increases in construction costs, project scope increases, and relatively level funding resulted in the 2007 - 2016 Ten Year Plan with approximately \$4.1 billion in project costs (updates to current cost estimates with inflation to year of construction costs) against a projected revenue of approximately \$2.1 billion.

The new 2009 – 2018 Ten Year Plan incorporated substantial changes compared to the previous plan in order to align project needs with anticipated funding. This new plan is a financially constrained Ten Year Plan that closely adheres to the estimated funding available.

General:

Federal transportation legislation typically identifies funding levels available to states based upon expected federal revenues for a six-year period. These funding levels, or authorizations, generally establish upper limits for future funding and spending levels. The most recent examples of Federal legislation are shown below:

The Safe, Accountable, Flexible, and Efficient Transportation Equity Act – a Legacy for Users (SAFETEA-LU) was signed into law in 2005. It is the governing Federal legislation for the current (2004 through 2009) authorization timeframe. SAFETEA-LU continues the initiatives established under its predecessors, ISTEA (1992 – 1997) and TEA-21 (1998 – 2003) relative to funding programs and flexibility, but contains greater emphasis on safety (to reduce highway fatalities nationwide through increased seatbelt use and better operation of the highway system, including enforcement). The anticipated federal funding shown in this proposed Ten Year Plan assumes the Federal funding currently obligated will remain level with no inflation over the ten-year period. This reflects current expectations for Federal-Aid into the future (i.e., level funding). This represents a reduction from the levels projected in the 2007-2016 Ten Year Plan which anticipated gradual increases of approximately \$5m annually. In addition, the new plan assumes little or no increase in federal highway user fees (gas taxes), and consequently increases in federal funding levels are limited.

It should be noted that there are projections the Federal Highway Trust Fund may be expended by the end of the current federal transportation legislation resulting in possible reductions in available funding by 30%. While for the purpose of this Ten Year Plan level Federal funding is assumed, future Federal funding levels are volatile and uncertain.

Federal Aid Program:

Annually for the federal fiscal year (October 1 to September 30 of the next year), Congress takes the authorized levels of funding and apportions them to address the general programs that Congress has mandated in the authorizing legislation. The funding for these general programs is either Formula funding or Non-Formula funding. Formula and Non-Formula funding are characterized as follows:

Formula funding covers those programs that are typically defined through the authorization legislation and remain constant over the life of that legislation. Typical previous categories are Interstate Maintenance, National Highway System, Surface Transportation Plan, Bridge Rehabilitation and Replacement, Congestion Mitigation and Air Quality, Transportation Enhancement, and Statewide Planning and Research.

Non-Formula funding covers special funding categories such as Scenic Byways and Forest Highway Plans and specific congressionally designated (earmarked) projects to which defined amounts of money are allotted. These funding levels can change substantially from year to year.

The actual amount of federal money that can be spent in a given federal fiscal year is called the obligational authority/limitation. Congress establishes this obligational authority annually as part of apportioning previously authorized funding levels. The amount of obligational authority generally changes from year to year, and the amount of obligational authority is usually less than the amount of apportionments that a state receives. The obligational authority funding levels are based on actual revenues received and other national priorities.

Currently, NHDOT is anticipating approximately \$140 million in federal obligational authority in 2009. With the uncertainty of future Federal Funding allocations, level Federal funding at \$140 million with no increases for inflation, is anticipated over the next ten years. As such, for the 2009 – 2018 Ten Year Plan period it is estimated that the State will receive \$1.4 billion in federal highway funds. This anticipated federal funding (along with the appropriate State or municipal match) is reconciled with the estimated costs of projects, which is the basis used to financially constrain the Plan.

The State also receives non-Formula funding, which Congress allocates for specific programs or projects to be used only as designated. Projects with known designated Non-Formula funding are also shown in this Ten Year Plan.

Federal Aid Funding Categories:

Most of the Federal Aid funding categories (currently 90+ categories) provide enough flexibility in their use to assist in the implementation of projects in the State's Ten Year Plan, however, some funding categories can be used only for the program purpose designated.

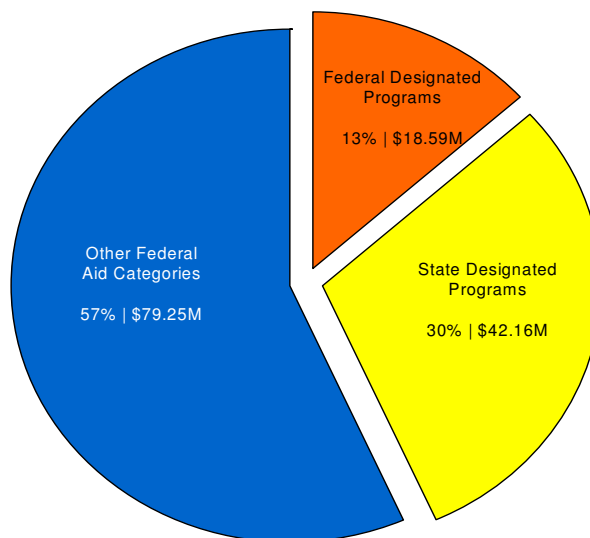
The Ten Year Plan assumes yearly funding for programs that are designated by federal legislation. These programs require a 20% non federal aid match. From these programs specific projects can be developed. As projects begin, funding from the Statewide designation is transferred to the specific project, and the project is listed separately. Funding amounts are 80% Federal Funds and 20% State Funds in most cases. The Federal programs assumed and the amounts anticipated are as follows:

		<u>Total \$</u>	<u>Fed. \$</u>
SPR #1	State Planning & Research, Part 1 Planning	\$2.88 m	\$2.30 m
PR #1	State Planning & Research, Part 2 Research	\$0.30 m	\$0.24 m
PO	Metropolitan Planning Organization Funding	\$1.36 m	\$1.10 m
CMAQ	Congestion Mitigation and Air Quality	\$8.00 m	\$6.40 m
TE	Transportation Enhancement	\$4.00 m	\$3.20 m
LTAP	Local Technical Assistance Program (LTAP)		
	(UNH Technology Transfer Center)	\$0.30 m	\$0.24 m
SRTS	Safe Routes to School	\$1.00 m	\$0.80 m
HISP	Highway Safety Improvement Program	\$2.50 m	\$2.00 m
RTS	Recreation Trails (Administered by DRED)	\$0.80 m	\$0.64 m
SB	Scenic Byways	\$0.30 m	\$0.24 m
FH	Forest Highways	\$0.70 m	\$0.56 m
Transit	Assistance to Public Transit and Transportation		
	for the elderly and disabled	\$1.00 m	\$0.80 m
DBE	Disadvantaged Business Enterprises Compliance	<u>\$0.09 m</u>	<u>\$0.07 m</u>
		\$23.23 m	\$18.59 m

State Designated Programs: Additionally, Federal funding has been designated within the Draft Ten Year Plan for specific categories of projects such as preservation and municipal support. These are not programs designated by Congress but are considered important for preserving and maintaining the State's Transportation System. The annual funding amount for these programmatic needs are included in the Ten Year Plan under the following Statewide projects.

	Total \$	Fed. \$
Federal Pavement Resurfacing / Rehabilitation (PRR)	\$16.00 m	\$12.8 m
Interstate Pavement Preservation (IPPP)	\$6.0 m	\$5.4 m
Secondary Road Resurfacing / Rehabilitation (SSRR)	\$3.0 m	\$2.4 m
Bridge Preservation Program (BRPP)	\$8.0 m	\$6.4 m
Culvert Replacement / Rehabilitation (CRDR)	\$1.0 m	\$0.8 m
Guardrail Replacement	\$2.00 m	\$1.6 m
Signing Upgrades	\$0.60 m	\$0.48 m
Pavement Markings	\$3.10 m	\$2.48 m
Municipal Urban Projects (Compact Areas)	\$6.00 m	\$4.8 m
Municipal Bridges	\$4.25 m	\$3.4 m
Railroad Crossings	\$1.10 m	\$0.88 m
Rest Areas	\$0.30 m	\$0.24 m
New England Transportation Consortium Studies	\$0.10 m	\$0.08 m
Outreach to High Schools (TRAC Program)	\$0.02 m	\$0.02 m
Annual Training	\$0.20 m	\$0.16 m
Underwater Bridge Inspection	\$0.03 m	\$0.02 m
Transportation Systems Management (CARS 511, ITS)	<u>\$0.25 m</u>	<u>\$0.20 m</u>
	\$51.95 m	\$42.16 m

Federal Aid Program Distribution



GARVEE Bonds: To facilitate the construction of the Salem-Manchester I-93 reconstruction and widening project, utilization of GARVEE Bonds (bonds issued in anticipation of future federal revenue) are proposed as part of the financial planning for the Ten Year Plan. Approximately \$195 million (the aggregate limit established under RSA 228-A:2), bonding for I-93 is proposed. The accompanying debt service (approximately \$24 million annually following construction) is reflected in the Ten Year Plan as well. Debt service is anticipated to extend beyond the Ten Year Plan horizon.

State Aid Funding Categories:

The Federal Aid Program is the largest portion of the Ten Year Plan. In addition, State funds are expended as identified in the following programs:

Betterment Program: The Betterment Program (established under RSA 235:23-a) is used for highway and bridge improvements. Typically, Betterment funds are used to address relatively small (less than \$1.0 million) projects on the state system. From the State gas tax of 18 cents, traditionally 3 cents of the 18 cent state gas tax (less 12% block grant aid to municipalities) goes to the Betterment Program. For FY 2008 and FY 2009 2/3 of the Betterment Program comes directly from 2 cents of the State's gas tax and 1/3 comes from bonding this portion of the program. Funding for the Betterment Program currently involves approximately \$22.5 million/year. Only state (non-Turnpike) roads and bridges qualify for this funding.

Approximately \$13 million of Betterment Funds are used annually for pavement resurfacing as part of the District Resurfacing Program in the six highway maintenance districts. Other annual work programmed in the Betterment Program includes intersection improvements, bridge work, signal upgrades, and District force account work. Other specific projects are programmed as needs arise. Betterment Funds are also used to address emergency work (due to flooding, critical bridge damage, etc.).

State Aid Highway (SAH): Established under RSA 235:10-:21, about \$1.7 million/year in State funds is designated to be spent under this program to construct or reconstruct sections of Class I, II and III highways. The type of work typically includes improvements to sections of State secondary highways. These are often unnumbered, state-owned roads that function more as local roads. Of the total project funds, 2/3 is provided by the State and 1/3 of the funds are the municipal matching funds, which represents a program total of about \$2.5 million/year. The communities need to raise matching funds before being enrolled in the program. Based on current municipal commitments, projects are programmed for funding into FY 2012.

State Aid Bridge (SAB): Established under RSA 234, about \$ 6.8 million/year in State funds (80%) is designated to be spent under this program to construct or reconstruct municipal owned bridges on Class IV and Class V highways, as well as, municipally-maintained bridges on Class II highways. An additional \$7.0 million/year in State funds has been appropriated for FY 2008 and for FY 2009 in the State budget effectively doubling the program over these two years. Structures having a clear span of ten feet or greater qualify for State Aid Bridge funds. Of the total project funds, 80% of the funds are provided by the State and 20% are municipal matching funds. The

communities need to raise funds before being enrolled in the program. Based on current municipal commitment of funds, projects are programmed for funding into FY 2014.

Turnpike Program: The Turnpike program consists of the maintenance and operation of the Turnpike System, a capital program, and retirement of debt service. The Turnpike System is a self-supported enterprise program, separate and distinct from the State Highway Fund. In FY 2007 toll transactions generated over \$82 million in revenue. At the same time operational costs of approximately \$76 million were incurred. The Turnpike “Capital Improvement Program” is a multi-year program originally authorized by the New Hampshire Legislature in 1986 under RSA 237 to improve safety and expand the Turnpike System. The expansion and improvement projects in the Capital Improvement Program are designed to provide safety improvements to the existing Turnpike System and increase the Turnpike System’s capacity. Through April 30, 2005, a total of \$395 million in bond proceeds, investment earnings, and available toll revenues had been expended on Capital Improvement Program projects. Bond payments for existing debt service are currently approximately \$30 million per year. Legislation provides for up to \$586 million in bonding authority. In FY 2007 \$6.3 million was spent towards capital projects. A Turnpike Financial Model has been developed to track Turnpike revenues and expenditures, and highlights bond covenant requirements.

The 2009 – 2018 Ten Year Plan includes approximately \$400 million in priority Turnpike Capital Program and Investments. The Priority Turnpike Capital Program investments involve repairing / replacing all in-service Red List bridges on the Turnpike System and addressing a number of safety and capacity deficiencies. These improvements are facilitated by the toll increase implemented in October 2007, which is projected to increase toll revenue by \$23 million annually. This allows a revenue stream sufficient for procurement of bond issuance(s) to accomplish the Priority Turnpike Capital Program improvements. Turnpike Capital improvements beyond these identified in the Plan are problematic in terms of funding, and will need to be given further consideration in future Ten Year Plans.

The Turnpike Renewal and Replacement program is part of the Turnpike operational costs and is used in the preservation of the Turnpike infrastructure. Expenditures for resurfacing, bridge rehabilitation, bridge painting, high mast lighting, toll plaza maintenance, and life safety issues for toll operators are paid through this program. The State is financially responsible for spending sufficient funding (as established by the Turnpike’s Independent Engineer) for preserving the Turnpike infrastructure through the Renewal and Replacement Program, and to set aside \$2 million in a General Reserve Account for unanticipated Renewal and Replacement costs. For Fiscal Years 2009 through 2018, the Turnpike System’s proposed Renewal and Replacement program is budgeted at approximately \$8 million per year (previously \$6 million per year) with annual increase to approximately \$12 million per year over 10 years in order to maintain the turnpike infrastructure in good working condition in accordance with Bond covenants. The actual amount funded will be dependent on the inflation of construction costs. Individual projects brought forward under the Renewal and Replacement program are generally developed one to two years in advance of construction.

Highway Fund Financial Model: The programs in the Ten Year Plan that depend, in whole or in part, on State Highway Fund revenue (Federal Aid, Betterment, State Aid Bridge, and State Aid Highway Programs), have been evaluated for financial constraint through the Highway Fund Financial Model. The Financial Model is a comprehensive analysis tool that considers all capital and operating expenditures affecting the State Highway Fund applied against the anticipated available revenue resources. It takes into account all sources of funds and types of expenditures, as well as projected inflation, in order to better understand the full financial outlook.

The Highway Fund Financial Model is made up of two components, the operational component and the capital component. The operational component represents the overall day-to-day, year-to-year operating activities of the Department and is representative of the Agency's operating budget. The capital component represents the major improvements costs involved in the Ten Year Plan. In the accompanying model report, the operating component is the top half of the report and the capital component is the bottom half.

The Financial Model incorporates future inflation. The capital costs are correspondingly inflated in the model from the Ten Year Plan cost estimates (in current dollars) to year of expenditure cost estimates. The Financial Model assumes a modest growth rate for State Highway Fund revenue (gasoline road toll and vehicle registration fees) based on historical trends (1996 – 2006) of approximately 1.8% per year. Department operational costs are projected to increase at recent rates of approximately 5% per year, which reflect increases in Department personnel and benefits costs, material costs, energy costs, and vendor costs. The primary assumptions involved in the model are noted at the bottom of the report for reference. A more detailed list of assumptions and model parameters is included with the model report.

The Financial Model is dynamic. The factors and inflationary assumptions upon which it is based will need to be monitored and reevaluated in future updates with respect to their impact on the Ten Year Plan. Over the past several years (beginning with the 2006 budget) the Department has operated under a negative budget, with the shortfalls addressed by spending down the Highway Fund Surplus. At the close of fiscal year 2009, the Highway Fund surplus is projected to be completely depleted. As operating costs continue to exceed anticipated funding and assuming no changes to projected costs or revenues, the Highway Fund Surplus would be in deficit by approximately \$60.1 million in 2010. The projected Highway Fund deficits are illustrated in the accompanying Highway Fund surplus reports. How this deficit is addressed and what programs/activities it affects on the Capital side of the Fund will impact this proposed Ten Year Plan.

Turnpike Capital Model: Similar to the Highway Fund Financial Model, the Turnpike Capital Model is a comprehensive analysis tool that considers the capital and operating expenditures affecting the Turnpike Fund applied against anticipated revenues. The purpose of the Turnpike Fund Model is to analyze the flow of funds within Turnpike accounts to ensure sufficient funds for purposes such as debt service, operation and maintenance of the Turnpike System, and capital improvements like the Highway Fund Financial Model. It is made up of two components representing operational and capital elements. The model incorporates future inflation as well.

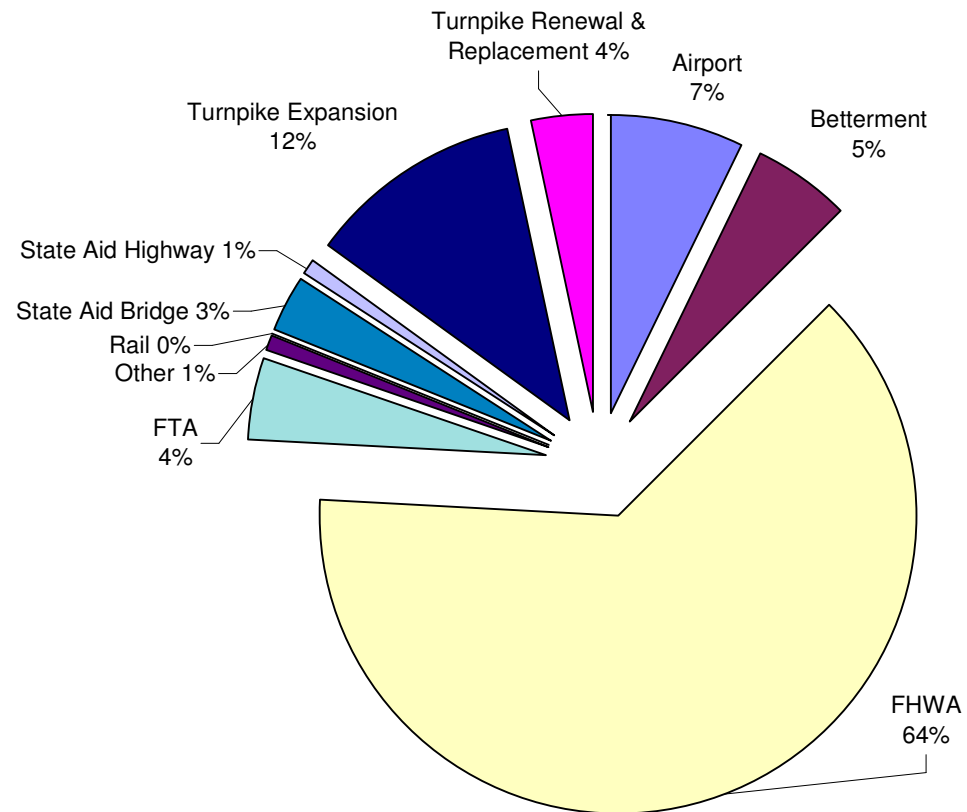
The priority Turnpike Capital Program involves approximately \$400 million in Turnpike capital improvements which are represented in the model. The model analyzes the cash flow and revenue stream to help determine the timing of procuring bond issuances to accomplish the program. The Model also considers the coverage ratios to ensure sufficient revenue versus expenditures and debt service in accordance with bond covenants.

**2009 – 2018 Ten Year Plan
Total Dollars by Program by Fiscal Year
Governor’s Submittal to the Legislature – 1/15/08**

FY	Airport	Betterment	FHWA	FTA	Other	Rail	State Aid Bridge	State Aid Highway	Turnpike Expansion	Turnpike Renewal & Replacement	TYP FY Total
2009	17.37	25.10	202.61	13.89	0.64	0.70	14.92	2.33	42.64	8.79	328.99
2010	22.03	15.32	248.95	14.10	21.77	0.30	7.26	2.54	69.64	8.60	410.51
2011	34.31	14.60	225.57	13.48	0.04	0.80	8.29	2.54	57.12	8.80	365.54
2012	31.42	14.60	187.14	12.78	0.04	0.40	8.43	2.54	52.62	9.20	319.16
2013	15.34	15.10	166.63	13.84	0.04	0.80	8.56	2.54	60.78	9.80	293.42
2014	21.07	14.60	152.59	12.89	0.29	0.40	8.31	2.54	55.48	10.50	278.67
2015	11.36	14.60	195.35	13.15	0.04	0.80	8.00	2.54	16.50	10.80	273.13
2016	26.77	14.60	179.89	13.31	0.04	0.40	8.00	2.54		11.60	257.14
2017	24.20	14.60	193.81	11.89	0.04	0.40	8.00	2.54		11.50	266.98
2018	17.20	14.60	170.76	11.89	0.04	0.40	8.00	2.54		11.85	237.27
Total	221.07	157.72	1,923.30	131.22	22.98	5.40	87.76	25.16	354.78	101.44	3,030.82
% of Total Program	7.3%	5.2%	63.5%	4.3%	0.8%	0.2%	2.9%	0.8%	11.7%	3.3%	100.0%

Draft 2009-2018 Ten Year Plan Governor's Submittal to the Legislature

Share of Total Dollars by Program



2009-2018 10 Year Plan Expenditures (Uninflated to Inflated)

Inflation - Before and After.xls

Version submitted to Legislature

Uninflated Data (per Ten Year Plan)

		2009	2010	2011	2012	2013*	2014*	2015*	2016*	2017*	2018*	TOTAL
FED	PE	23.55	19.19	17.95	16.91	18.39	17.64	15.92	15.97	16.07	16.08	177.66
	ROW	22.34	13.57	17.67	15.13	11.42	10.86	12.85	12.75	12.75	12.75	142.07
	CON	156.72	216.19	189.95	155.11	112.81	100.10	142.58	127.17	140.99	117.94	1,459.56
	TOTAL	202.61	248.95	225.57	187.14	142.63	128.59	171.35	155.89	169.81	146.76	1,779.30
BET	PE											
	ROW	0.01										0.01
	CON	25.09	15.32	14.60	14.60	15.10	14.60	14.60	14.60	14.60	14.60	157.71
	TOTAL	25.10	15.32	14.60	14.60	15.10	14.60	14.60	14.60	14.60	14.60	157.72
SAB	PE	1.01	0.53	0.27	0.40	0.50	0.46					3.17
	ROW	0.20	0.04	0.03	0.03	0.06	0.03					0.37
	CON	13.71	6.69	8.00	8.00	8.00	7.82	8.00	8.00	8.00	8.00	84.22
	TOTAL	14.92	7.26	8.29	8.43	8.56	8.31	8.00	8.00	8.00	8.00	87.76
SAH	PE											
	ROW											
	CON	2.33	2.54	2.54	2.54	2.54	2.54	2.54	2.54	2.54	2.54	25.16
	TOTAL	2.33	2.54	2.54	2.54	2.54	2.54	2.54	2.54	2.54	2.54	25.16
TOTAL	PE	24.56	19.72	18.22	17.31	18.89	18.10	15.92	15.97	16.07	16.08	180.83
	ROW	22.54	13.61	17.69	15.16	11.48	10.88	12.85	12.75	12.75	12.75	142.45
	CON	197.85	240.74	215.08	180.24	138.45	125.06	167.71	152.31	166.13	143.07	1,726.66
	TOTAL	244.96	274.07	250.99	212.70	168.82	154.04	196.49	181.03	194.95	171.89	2,049.94

* excluding I-93 debt service which is accounted for elsewhere in the Financial Model

Inflated Data (per Highway Fund Financial Model, adjusted for inflation)

Annual Inflation Rates (applied only to the inlatable portion of each program)					
PE	3.0%	ROW	5.0%	CON	3.2%

		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	TOTAL
FED	PE	23.55	19.69	18.61	18.47	20.58	20.41	18.66	19.12	19.68	20.10	199.30
	ROW	23.40	14.76	21.46	19.29	15.29	15.26	18.97	19.75	20.73	21.77	190.68
	CON	162.71	227.55	203.78	168.56	126.32	109.91	165.46	151.34	170.11	139.22	1,624.96
	TOTAL	210.10	261.99	243.85	206.32	162.19	145.57	203.09	190.22	210.52	181.09	2,014.94
BET	PE											
	ROW	0.01										0.01
	CON	25.73	15.32	14.60	14.60	15.20	14.60	14.60	14.60	14.60	14.60	158.45
	TOTAL	25.74	23.00	23.00	24.00	24.50	25.00	26.00	26.50	27.00	14.60	239.34
<i>Future BET Projects</i>												
			7.68	8.40	9.40	9.30	10.40	11.40	11.90	12.40		80.88
SAB	PE	1.07	0.58	0.30	0.46	0.60	0.57					3.58
	ROW	0.22	0.05	0.03	0.04	0.07	0.04					0.44
	CON	14.60	7.30	8.30	8.62	8.70	8.43	8.00	8.00	8.00	8.00	87.95
	TOTAL	15.89	7.93	8.63	9.12	9.37	9.03	8.00	8.00	8.00	8.00	91.97
SAH	PE											
	ROW											
	CON	2.38	2.71	2.69	2.71	2.54	2.54	2.54	2.54	2.54	2.54	25.71
	TOTAL	2.38	2.71	2.69	2.71	2.54	2.54	2.54	2.54	2.54	2.54	25.71
TOTAL	PE	25.06	20.28	18.90	18.93	21.18	20.97	18.66	19.12	19.68	20.10	202.88
	ROW	23.62	14.80	21.49	19.33	15.37	15.29	18.97	19.75	20.73	21.77	191.13
	CON	205.42	260.56	237.76	203.89	162.06	145.88	202.00	188.38	207.65	164.36	1,977.95
	TOTAL	254.10	295.63	278.16	242.15	198.61	182.14	239.63	227.25	248.06	206.23	2,371.96

New Hampshire - Department of Transportation Highway Fund Financial Model

(in thousands of \$)

March 2008
(10Yp version submitted to Legislature, Year of Advertising basis, Inflated)
3/17/2008 5:24 PM

	A	J	K	L	M	N	O	P	Q	R	S	T	U
1		FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18
2	Operating Revenues												
3	Gasoline Road Toll (08/09 as budgeted)	129,514	137,900	139,900	130,858	133,259	135,704	138,194	140,730	143,312	145,942	148,619	151,346
4	Motor Vehicle Fees (08/09 as budgeted)	93,327	102,300	103,900	107,376	110,967	114,679	118,516	122,480	126,577	130,811	135,187	139,709
5	Miscellaneous (08/09 as budgeted)	15,817	13,600	13,700	13,570	13,442	13,314	13,188	13,063	12,939	12,816	12,695	12,575
6	Anticipated shortfall in revenue		(2,900)	(3,900)									
7	Subtotal Unrestricted Revenue	238,658	250,900	253,600	251,804	257,668	263,697	269,898	276,273	282,828	289,569	296,501	303,630
8	Other Credits (Sale of Land)		1,700	2,000	1,981	1,962	1,944	1,925	1,907	1,889	1,871	1,853	1,836
9													
10	Total Operating Revenues (Additions)	238,658	252,600	255,600	253,785	259,630	265,641	271,823	278,180	284,717	291,440	298,354	305,466
11													
12	Operating Expenditures												
13	Net DOT Operating Appropriations	176,663	182,586	190,349	199,866	209,860	220,353	231,370	242,939	255,086	267,840	281,232	295,294
14	Net Appropriations for Other Agencies	76,187	80,554	82,515	86,641	90,973	95,521	100,297	105,312	110,578	116,107	121,912	128,008
15	Net Appropriations for Other Agencies - Needed for DOT operations	5,495	6,315	6,490	6,815	7,155	7,513	7,889	8,283	8,697	9,132	9,589	10,068
16	Collective Bargaining		3,192	7,138	7,495	7,870	8,263	8,676	9,110	9,566	10,044	10,546	11,073
17	Environmental Appropriation		1,500	-	-	-	-	-	-	-	-	-	-
18	Vacancy Savings		(1,290)	(1,347)	(1,414)	(1,485)	(1,559)	(1,637)	(1,719)	(1,805)	(1,895)	(1,990)	(2,090)
19	October 2005 Flood (in addition to 08/09 budget)		2,900	-	-	-	-	-	-	-	-	-	-
20	RSA 235:23 Transfer from surplus request		84	-	-	-	-	-	-	-	-	-	-
21	March 2008 Transfer from surplus request		2,482	-	-	-	-	-	-	-	-	-	-
22	Fiscal Committee Transfers (in addition to 08/09 budget)	1,924	-	2,000	2,100	2,205	2,315	2,431	2,553	2,680	2,814	2,955	3,103
23	Appropriations	260,269	278,323	287,145	301,502	316,577	332,406	349,027	366,478	384,802	404,042	424,244	445,456
24													
25	Lapse - DOT	(11,764)	(8,064)	(8,209)	(8,619)	(9,050)	(9,503)	(9,978)	(10,477)	(11,001)	(11,551)	(12,129)	(12,734)
26	Lapse - Other Agencies	(3,193)	(2,600)	(2,700)	(2,835)	(2,977)	(3,126)	(3,282)	(3,446)	(3,618)	(3,799)	(3,989)	(4,189)
27	Plate Fund Lapse		(631)	(656)	-	-	-	-	-	-	-	-	-
28	Lapses	(14,957)	(11,295)	(11,565)	(11,454)	(12,027)	(12,629)	(13,260)	(13,923)	(14,619)	(15,350)	(16,118)	(16,923)
29													
30	Net Appropriations	245,312	267,028	275,580	290,048	304,550	319,777	335,767	352,555	370,183	388,692	408,126	428,533
31													
32	Other Debits (Unrefunded Road Toll & Other)	1,646	2,525	2,525	2,651	2,784	2,923	3,069	3,223	3,384	3,553	3,731	3,917
33	General Fund Transfer		(6,750)	(6,750)	-	-	-	-	-	-	-	-	-
34	State Hard Match for Construction Program	6,812	-	-	14,303	14,303	14,303	14,303	14,303	14,303	14,303	14,303	14,303
35	State Aid Highway/Bridge State portion	-	7,000	7,000	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500
36	Total Operating Expenditures (Deductions)	253,770	269,803	278,355	315,503	330,137	345,503	361,639	378,580	396,370	415,048	434,660	455,253
37													
38	Total Annual Operating Surplus/(Deficit)	(15,112)	(17,203)	(22,755)	(61,718)	(70,507)	(79,862)	(89,816)	(100,400)	(111,653)	(123,608)	(136,306)	(149,787)
39													
40	TOTAL CUMULATIVE OPERATING SURPLUS / (DEFICIT)	41,536	24,333	1,578	(60,140)	(130,647)	(210,509)	(300,325)	(400,725)	(512,378)	(635,985)	(772,291)	(922,078)
41													
42													
43													
44													
45													
46	Capital Revenue												
47	FHWA Formula	155,148	135,800	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000
48	FHWA Non-Formula		29,471	19,000	35,000	32,000	21,000	2,500	2,500	2,500	2,500	2,500	2,500
49	Betterment	22,003	15,000	15,000	23,381	23,810	24,247	24,692	25,145	25,606	26,076	26,555	27,042
50	Local Match to Federal Aid	10,377	3,000	3,000	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500
51	Local Match to State Aid Highway/Bridge	263	4,350	4,350	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600
52	State Hard Match to Federal Aid (also included in Ops Exp above)	6,811	1,153	1,153	14,303	14,303	14,303	14,303	14,303	14,303	14,303	14,303	14,303
53	State Soft Match to Federal Aid (also included in Ops Exp above)	19,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
54	State Aid Highway/Bridge State portion		7,000	7,000	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500
55	Bond Proceeds (I-93 GARVEE Bonds)			55,600	26,131	57,344	34,886	18,373					
56	Bond Proceeds (Capital Improvements \$60M)		30,000	30,000									
57													
58	Total Capital Revenue	213,602	240,774	290,103	269,415	298,057	265,036	230,468	212,548	213,009	213,479	213,958	214,445
59													
60	Capital Expenditures												
61	10Yp -Year of Ad, inflated \$, version submitted to Legislature	226,481	309,360	254,103	295,634	278,163	242,148	198,606	182,139	239,628	227,253	248,057	206,226
62	Debt Service (I-93)				6,831	10,044	17,087	21,373	23,632	23,633	23,629	23,624	23,628
63													
64													
65	Total Capital Expenditures	226,481	309,360	254,103	302,465	288,207	259,235	219,979	205,771	263,261	250,882	271,681	229,854
66													
67	Total Annual Capital Surplus/(Deficit)	(12,879)	(68,586)	36,000	(33,050)	9,850	5,801	10,489	6,777	(50,252)	(37,403)	(57,723)	(15,409)
68													
69	TOTAL CUMULATIVE CAPITAL SURPLUS/(DEFICIT)		(68,586)	(32,586)	(65,636)	(55,786)	(49,984)	(39,495)	(32,718)	(82,970)	(120,373)	(178,096)	(193,504)
70													
71													
72													
73													
74													
75													
76													
77	2009-2018 Highway Fund Ten Year Plan TOTAL (including I-93)												
78	2,371,955												

ASSUMPTIONS : Operating Rev. grown annually from base of FY09 budget at approx. 2.3% (Gas Road Toll @ 1.8%, MV fees @ 3.3%, Misc Unrestricted @ -0.9%, based on FY96-06 avg)
Operating Expenditures grown annually from base of FY 09 budgeted amount at 5% annually, based on historical growth
Betterment grown annually at 1.8% (same as Gasoline Road Toll)
Capital Expenditures from 09-18 Ten Year Plan, inflated to year of construction at the following rates: PE 3% annually, ROW 5% annually, CON 3.2% annually

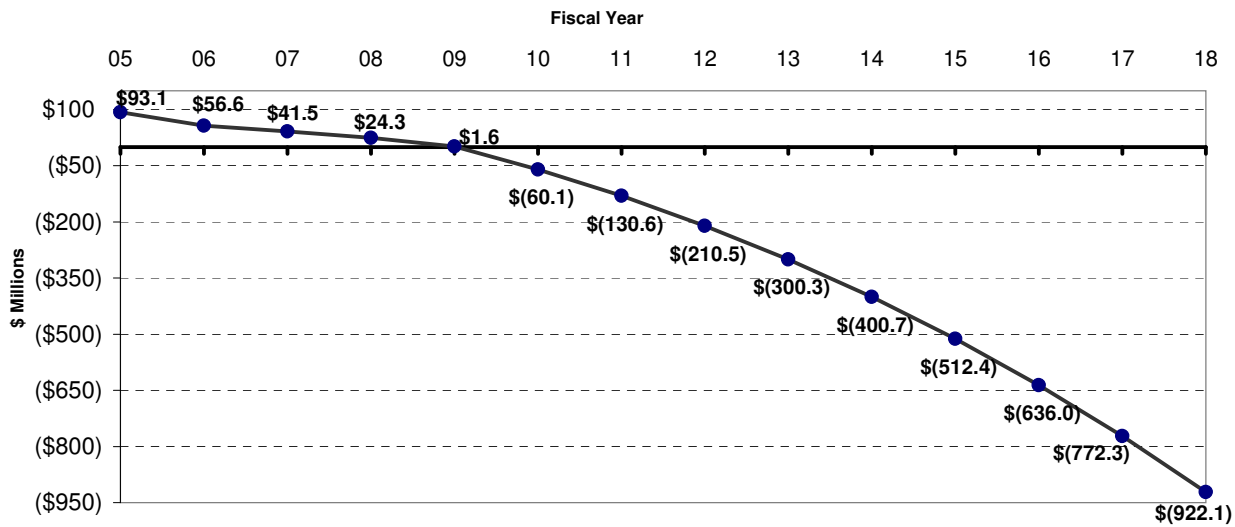
State of New Hampshire
Department of Transportation

Highway Fund Surplus / (Deficit)

Operating Revenues/Expenditures

Cumulative

(Assumes No Revenue Enhancements)

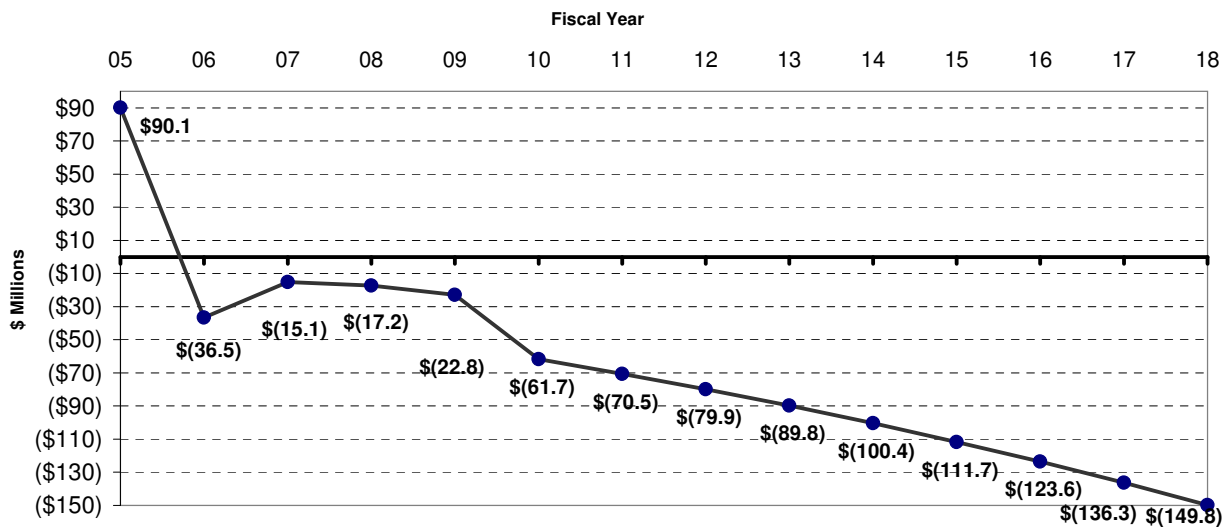


Highway Fund Surplus / (Deficit)

Operating Revenues/Expenditures

Annual NON-Cumulative

(Assumes No Revenue Enhancements)



State of New Hampshire - Department of Transportation
Turnpike Capital Model

(amounts in thousands of dollars)

March 2008
 Priority Turnpike Capital Program
 (TYP version to legislature)

	A	J	K	L	M	N	O	P	Q	R	S	T	U
		FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18
1													
2													
3													
4	Toll Revenue	89,300	98,500	109,000	110,500	108,300	107,800	109,400	110,900	112,400	114,000	115,600	117,200
5	Other Revenue (not including interest)	-	2,300	2,200	2,200	3,100	4,800	3,200	2,900	2,900	2,900	3,000	3,600
6	Interest income projections @ 4% of avg total cash	-	3,100	3,100	5,300	3,600	2,300	4,900	3,400	2,100	1,900	2,200	2,500
7	(Includes interest on bond proceeds restricted to capital expenditures only)												
8	Total Revenue	89,300	103,900	114,300	118,000	115,000	114,900	117,500	117,200	117,400	118,800	120,800	123,300
9													
10	Operating Expenditures												
11	Operating Expenditures	36,700	39,800	41,400	43,500	45,600	47,900	50,300	52,800	55,500	58,200	61,100	64,200
12	Existing Debt Service Revenue Bonds	28,100	25,700	26,000	25,600	26,100	25,200	26,900	23,000	27,400	23,200	30,700	20,200
13	Existing Debt Service General Obligation Bonds	3,000	1,700	1,600	700	600	-	-	-	-	-	-	-
14	Debt Service on Proposed Revenue Bonds	-	-	3,800	7,500	7,500	11,300	15,000	15,000	15,000	15,000	15,000	15,000
15	Turnpike Renewal and Replacement Program	8,000	8,300	8,700	8,600	8,800	9,200	9,800	10,500	10,800	11,600	11,500	11,900
16													
17													
18	Total Operating Expenditures	75,800	75,500	81,500	85,900	88,600	93,600	102,000	101,300	108,700	108,000	118,300	111,300
19													
20	Total Operating Annual Surplus/(Deficit)	13,500	28,400	32,800	32,100	26,400	21,300	15,500	15,900	8,700	10,800	2,500	12,000
21													
22													
23	Capital Revenue												
24	Turnpike Operating Transfer	13,500	28,400	32,800	32,100	26,400	21,300	15,500	15,900	8,700	10,800	2,500	12,000
25	Federal Funds Earmarked for Newington-Dover	-	-	-	20,000	7,900	-	-	-	-	-	-	-
26	Bond Proceeds	-	-	100,000	-	-	100,000	-	-	-	-	-	-
27	Total Capital Revenue	13,500	28,400	132,800	52,100	34,300	121,300	15,500	15,900	8,700	10,800	2,500	12,000
28													
29													
30	Turnpike Improvement Capital Expenditures	6,300	22,000	44,800	93,800	85,400	50,200	45,500	61,200	30,400	0	0	0
31													
32	Total Annual Capital Surplus/(Deficit)	7,200	6,400	88,000	(41,700)	(51,100)	71,100	(30,000)	(45,300)	(21,700)	10,800	2,500	12,000
33													
34	BEGINNING Operating Cash + Bond proceeds	22,300	29,500	35,900	116,400	74,700	23,600	94,700	57,200	11,900	(9,800)	1,000	3,500
35	Annual Surplus / (Deficit)	7,200	6,400	88,000	(41,700)	(51,100)	71,100	(30,000)	(45,300)	(21,700)	10,800	2,500	12,000
36	Set aside Reserve on Proposed bonds			(7,500)				(7,500)					
37	ENDING Operating Cash + Bond proceeds	29,500	35,900	116,400	74,700	23,600	94,700	57,200	11,900	(9,800)	1,000	3,500	15,500
38													
39	Change in Reserve Accounts & Deferred Revenue	-	-	7,500	-	-	-	7,500	-	-	-	-	-
40	Ending Balance of Reserve Accounts + Deferred Revenue	46,400	46,400	53,900	53,900	53,900	53,900	61,400	61,400	61,400	61,400	61,400	61,400
41													
42	PROJECTED BOND COVENANT COVERAGE RATIOS												
43													
44	Revenue Bond Debt Service Coverage 1.2 (1.3)	1.87	2.49	2.45	2.25	2.07	1.84	1.60	1.69	1.46	1.59	1.31	1.68
45	(line 6 - line 9) / (line 10 + line 12)												
46													
47	All Obligation Coverage 1.0 (1.1)	1.69	1.80	1.82	1.76	1.61	1.47	1.30	1.33	1.16	1.22	1.04	1.25
48	(line 6 - line 9) / (line 10 + line 11 + line 12 + line 13)												
49													
55													
56	Turnpike Capital Program 2008-2018												
57	433,300												
58													
59													
60													

Assumptions: Toll revenue proejctions provided by Vollmer Associates and include October 2007 toll increase

Interest income at 4% of average total cash balance (operating, deferreed revenue, all reserve accounts, bond proceeds)

Operating expenditures base are adopted appropriated amounts less debt service and R&R, with a 5% growth rate annual growth beyond 2010

Debt Service on proposed revenue bonds assume 6 - 6.5%rate and 30 year term

Turnpike R&R are budgeted amounts from Ten Year Plan, based on independent engineers recommendation

Capital Expenditures are inflated to year of consttruction at the following rates: PE 3%, ROW 5%, CONS 3.2% annually

Beginning cash represents Unrestricted Cash less pre-paid toll balance as of 6/30/06

**TURNPIKE CAPITAL EXPENDITURES
PLAN K-4 TPTCP**

(TYP version to legislature)
\$ INFLATED TO YEAR OF CONSTRUCTION (millions)

PROJECT	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	TOTAL
GRANITE STREET	2.0											2.0
ROCHESTER 11-16	7.2	26.0	54.9	48.4	21.7							158.2
SOUHEGAN RIVER BRIDGE	0.5	3.6	5.4	1.8								11.3
DOVER PARK AND RIDE	0.5											0.5
BLACK BROOK	0.1	0.7	2.2	0.7								3.7
RTE 3 BRIDGE		0.3	1.1	0.4		5.7	5.7					13.2
AIRPORT ACCESS ROAD		1.1										1.1
BENSONS	3.5											3.5
TAYLOR RIVER	0.2	1.8	6.3	2.1								10.4
SEABROOK ITS	1.4		0.9									2.3
PORTSMOUTH ITS	0.4	0.1										0.5
NASHUA ITS		0.7	0.8	0.1								1.6
MANCHESTER FIBER OPS	0.3	0.7										1.0
HNTB	0.1	0.1										0.2
VOLLMER	0.1	0.1										0.2
NEWINGTON DOVER PE & ROW ONLY	5.2	8.0	7.7	2.3								23.2
NEWINGTON DOVER LBB & Exit 3			8.0	25.5	23.5	35.4	41.6	16.5				150.5
MANCHESTER MILLYARD BRIDGES		1.1	1.6	1.7	2.0	4.4	13.9	13.9				38.6
BOW CONCORD	0.5	0.5	4.9	2.4	3.0							11.3
TOTAL	22.0	44.8	93.8	85.4	50.2	45.5	61.2	30.4				433.3